

DHHS POLICIES AND PROCEDURES

Section IV:	General Administration
Title:	Subrecipient Monitoring Manual
Chapter:	Conflict of Interest
Current Effective Date:	3/30/05
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Conflict of Interest

Beginning in 1993 (S.L. 1993-321, Section 16), the Appropriations Act passed by the North Carolina (NC) General Assembly for each biennium has included a provision that states: "Each private, nonprofit entity eligible to receive state funds, either by the NC General Assembly appropriation, or by grant, loan, or other allocation from a state agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of state funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety."

Suggested Monitoring Procedures:

For non-profit recipients assessed as low or medium risk:

1. Verify that the division's records contain a notarized copy of the agency's conflict of interest policy.
2. Discuss the conflict of interest policy with the executive director or primary Department of Health and Human Services (DHHS) contact to obtain assurance that they understand the intent and letter of the policy.

For non-profit subrecipients assessed as high risk:

In addition to the procedure outlined above for low and medium risk subrecipients:

1. Review the policy and verify through board minutes that the policy was adopted before the grantee received state funds.

Documentation:

Monitoring Tool/Instrument
Working Papers
Summaries
Monitoring Results Report

For questions or clarification on any of the information contained in this policy, please contact [Office of the Controller](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).